

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 L-03 SSO-00

NSCE-00 INRE-00 PA-01 PRS-01 USIE-00 FEA-01 ACDA-07

AGR-05 CEQ-01 CG-00 DLOS-06 DODE-00 DOTE-00 EPA-01

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SUBJECT: EUROPEAN COUNCIL, JULY 12-13: PREVIEW

REF: (A) EC BRUSSELS 6453; (B) EC BRUSSELS 6637; (C) EC BRUSSELS
6307 (D) EC BRUSSELS 3162

1. THE JULY 12-13 BRUSSELS SESSION OF THE EUROPEAN COUNCIL
IS BEING WIDELY VIEWED IN LOCAL CIRCLES AS A TEST OF THE EC'S
ABILITY TO DEAL DECISIVELY WITH BASIC ISSUES, IN THIS CASE,
THE ISSUE OF DIRECT ELECTION OF THE EUROPEAN PARLIAMENT.
THE LAST THREE MONTHS HAVE NOT PRODUCED MUCH IN THE WAY OF CON-
CRETE ACHIEVEMENT. THE FOREIGN MINISTERS COUNCIL HAD TWO
UNPRODUCTIVE AND FRUSTRATING MEETINGS; AND SCHEDULED SESSIONS
OF THE RESEARCH, ENERGY, AND FINANCE COUNCILS WERE CANCELLED.
THE HOPE NOW IS THAT THE EC HEADS OF GOVERNMENT WILL BE ABLE

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TO SET THE COUNCIL DECISION-MAKING MACHINERY BACK ON

TRACK, AT LEAST TO THE EXTENT OF CUTTING THE KNOT OF
INDECISION OVER THE DIRECT ELECTION ISSUE.

2. WHILE THERE IS NEVER A FORMAL AGENDA FOR THE EUROPEAN
COUNCIL, FOLLOWING ARE THE MOST LIKELY TOPICS TO COME UP
FOR DISCUSSION WHEN THE EIGHTEEN PRIME MINISTERS AND FOREIGN
MINISTERS, PLUS EC COMMISSION PRESIDENT ORTOLI, GATHER AROUND
THE CONFERENCE TABLE:

(A) DIRECT ELECTIONS:

DIRECT ELECTIONS WILL BE THE CENTERPIECE FOR COUNCIL DISCUS-
SION. SHOULD THE HEADS OF GOVERNMENT FAIL TO REACH AGREEMENT,
THE SENSE OF PARALYSIS WHICH IS BEGINNING TO FILTER THROUGH
THE COMMUNITY WILL ONLY BE STRENGTHENED. AFTER MONTHS OF HAGGLING
OVER PRECISE FIGURES, THE LARGE MEMBER STATES ARE REPORTEDLY
NEAR AGREEMENT ON A FORMULA FOR DISTRIBUTION OF SEATS IN AN
ENLARGED EUROPEAN PARLIAMENT. CALLAGHAN, GISCARD AND SCHMIDT
APPARENTLY EITHER NARROWED OR ELIMINATED THEIR DIFFERENCES
DURING THEIR RECENT ROUND OF TALKS, AND THEIR GOVERNMENT SPOKES-
MEN HAVE BEEN OPENLY OPTIMISTIC ON THE CHANCES FOR A SETTLE-
MENT DURING THIS COUNCIL SESSION. HOWEVER, THERE ARE REPORTS
THAT SOME OF THE SMALLER STATES, NOTABLY IRELAND AND DENMARK,
STILL HAVE DIFFICULTIES WITH SOME OF THE COUNTERPROPOSALS.
HOWEVER, THE GENERAL EXPECTATION HERE IS THAT SOMEWHERE
AMONG THE U.K.-GERMAN-BELGIAN-AND LUXEMBOURG FORMULAE - ALL
OF WHICH ARE BASED ON DOUBLING THE PRESENT 198 SEAT CHAMBER,
WITH VARIANT PROPOSALS FOR BONUSES FOR THE LARGER STATES AND
SOME DOWNWARD ADJUSTMENT FOR THE SMALLER STATES, AN AGREED
SOLUTION WILL BE FOUND.

(B) TINDEMANS REPORT.

ALTHOUGH NOT MUCH DISCUSSION OF THE TINDEMANS REPORT IS EXPECTED,
THE COUNCIL WILL PROBABLY RECEIVE A PROGRESS REPORT FROM THE
SPECIAL GROUP WHICH HAS NOW REVIEWED THE FIRST TWO CHAPTERS
OF THE REPORT (THE MOST SUBSTANTIVE OF THESE IS CHAPTER II,
WHICH DEALS WITH ABOLISHING THE DISTINCTION BETWEEN POLITICAL
COOPERATION AND "TREATY BUSINESS" IN EC FOREIGN MINISTERS MEET-
INGS; A COMMON AS DISTINCT FROM A COORDINATED FOREIGN POLICY;
SPEAKING WITH ONE VOICE AT INTERNATIONAL MEETINGS; RELATIONS
WITH THE U.S.; AND A COMMON POLICY IN THE MEDITERRANEAN).
PERMREP SOURCES INDICATE THAT PIECE-MEAL APPROVAL OF TINDEMANS'
PROPOSALS IS UNLIKELY, AND THAT WHATEVER AGREEMENT IS REACHED
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IS MORE LIKELY TO COME IN A PACKAGE DEAL, PERHAPS DURING THE
NOVEMBER EUROPEAN COUNCIL MEETING IN THE HAGUE.

(C) ECONOMIC AND FINANCIAL SITUATION.

DISCUSSION OF THE EC ECONOMIC AND FINANCIAL SITUATION, WHICH
HAS BECOME A STANDARD EUROPEAN COUNCIL TOPIC, SEEMS LIKELY
TO BE BOTH EXTENSIVE AND INCONCLUSIVE. THE COMMISSION IS SUB-
MITTING TO THE COUNCIL A THREEPART PAPER WHICH: 1) SUMMARIZES
THE CURRENT EC ECONOMIC SITUATION AND THE COMMISSION'S PRO-

POSED EC ECONOMIC POLICY GUIDELINES FOR THE SECOND HALF OF 1976 AND BUDGETARY POLICIES FOR 1977 (SEE EC BRUSSELS 6637); 2) RESUBMITS IN SUMMARY FORM PROPOSALS WHICH THE COMMISSION MADE TO THE APRIL 1-2 COUNCIL MEETING TO IMPROVE THE CONVERGENCE OF MEMBER STATE ECONOMIES (SEE EC BRUSSELS 3162); AND 3) SUMMARIZES THE FINDINGS OF THE JUNE 24 TRIPARTITE CONFERENCE (EC BRUSSELS 6307) AND SUGGESTS THAT SPECIFIC EC COMMITTEES CONTINUE THE DIALOGUE WITH BUSINESS AND LABOR LEADERS TO KEEP THEM INFORMED OF EC ECONOMIC AND EMPLOYMENT DEVELOPMENTS. (D) PUERTO RICO.

THE ISSUE OF COMMUNITY-WIDE REPRESENTATION AT FUTURE SUMMITS IN THE PUERTO RICO MOLD IS STILL VERY MUCH ON THE MINDS OF THE SMALLER MEMBER STATES, WHO WERE NOT MOLLIFIED BY THE SOOTHING TONE OF THE REPORT DELIVERED DURING LAST WEEK'S FOREIGN MINISTERS COUNCIL BY UK FOREIGN SECRETARY CROSLAND. DURING A JULY 1 PRESS CONFERENCE, DUTCH FOREIGN MINISTER VAN DER STOEL STRESSED THAT "RELATIONS OF TRUST" AMONG THE NINE WOULD BE JEOPARDIZED IF SUCH SUMMITS WERE TO BE INSTITUTIONALIZED. THAT REFRAIN IS LIKELY TO BE SOUNDED AGAIN FORCEFULLY BY ALL OF THE SMALLER STATES DURING THIS COUNCIL. THE DISCUSSION WILL BE COMPLICATED BY FRENCH RELUCTANCE TO AGREE TO ANY FIRM COMMUNITY PROCEDURES FOR HANDLING FUTURE INVITATIONS AND BY THE REPORTED DANISH PROPOSAL THAT THE COUNCIL AGREE THAT, FOR FUTURE SUMMITS, EITHER ALL NINE MEMBERS PLUS THE COMMISSION TAKE PART, OR NONE OF THE NINE WILL PARTICIPATE.

(E) JOINT EUROPEAN TORUS.

DESPITE MONTHS OF ARGUMENT OVER THE CHOICE OF A SITE FOR THE JET, THE PROBLEM APPEARS NOWHERE NEAR RESOLUTION. THE COMMISSION IS ANXIOUS TO SEE THE MATTER TAKEN UP THE HEADS OF GOVERNMENT; BUT, ACCORDING TO A PERMDEL SOURCE, THE DUTCH HAVE PROPOSED THAT THE FOREIGN MINISTERS MAKE ANOTHER ATTEMPT TO RESOLVE THE ISSUE DURING THEIR JULY 19-20 COUNCIL MEETING.

(F) FISHERIES AND LOS.

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AS A FOLLOW-ON TO CROSLAND'S RECOMMENDATIONS AT THE LAST FOREIGN MINISTERS COUNCIL (EC BRUSSELS 6453), CALLAGHAN MAY MAKE A PRO-FORMA CALL FOR EC FISHERIES AGREEMENTS WITH THIRD COUNTRIES AND FOR A DECLARATION OF INTENT TO ESTABLISH A 200-MILE EXCLUSIVE ECONOMIC ZONE.

(G) COMMISSION PRESIDENCY

THE HEADS OF GOVERNMENT MAY DISCUSS THE NOMINATION OF ROY JENKINS TO SUCCEED FRANCOIS-XAVIER ORTOLI AS PRESIDENT OF THE EUROPEAN COMMISSION. PREVIOUS INDICATIONS WERE THAT THE COUNCIL WOULD FORMALLY AGREE TO JENKINS' NOMINATION, IN ACCORDANCE WITH A PROPOSAL IN THE TINDEMANS REPORT. HOWEVER, WE NOW HEAR FROM PERMREP SOURCES THAT, WHILE THE NOMINATION IS LIKELY TO BE DISCUSSED INFORMALLY, OFFICIAL APPROVAL WILL LIKELY BE DELAYED UNTIL THE NOVEMBER COUNCIL MEETINGS, WHEN FORMAL APPROVAL IS EXPECTED FOR THE ENTIRE NEW COMMISSION. ONE UK

PERM REP SOURCE HAS SUGGESTED THAT THE DELAY MAY ALSO BE DUE
TO FRENCH INSISTENCE THAT THERE SHOULD BE NO IMPLEMENTATION
OF ANY TINDEMANS REPORT PROPOSAL UNTIL A PACKAGE DEAL IT AGREED
TO.HINTON

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